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Big CIA Role Seen in Honolulu Firm

Despite the Central Intelligence Agency's attempts to wriggle out of the blame, I am now convinced that the spy agency was responsible for a Honolulu-based investment firm that cost investors \$11 million when it collapsed last year.

CIA spokesmen insist that the agency's involvement in the defunct firm of Bishop, Baldwin, Rewald, Dillingham & Wong was only "slight" and "low-level."

From the evidence I've gathered over months of investigation, the CIA either was up to its cloak-and-dagger in the scandal or is guilty of chronic and incredible stupidity.

My associates Dale Van Atta and Indy Badhwar have had access to the secret CIA personnel file of Ronald Ray Rewald, the CIA contract employee who headed Bishop, Baldwin.

The file makes clear that three successive CIA station chiefs in Honolulu worked closely with Rewald, even though they knew that the company he headed previously was forced into involuntary bankruptcy, that he had declared personal bankruptcy and that when he arrived in Hawaii in 1979 Rewald was on probation from a Wisconsin conviction for petty theft and nonregistration of a franchise.

Rewald's first CIA boss in Honolulu, Eugene Welsch, used a Rewald firm as a cover for CIA agents. According to a Rewald affidavit, Welsch even helped set up Bishop, Baldwin.

The government has charged Rewald with perjury for claiming that Welsch was involved in setting up the firm.

Welsch's successor as CIA station chief, John (Jack) Kindschi, not only gave Rewald and the firm a wide variety of CIA assignments but also went to work for Bishop, Baldwin when he retired from the CIA in 1980. According to Rewald's affidavit, Kindschi also invested \$185,000 in the company, and his mother put in \$112,000.

As station chief, Kindschi ordered Rewald's son, James (also a CIA contract agent), to build a laser gun. Kindschi gave young Rewald top-secret CIA information from the China Lake Naval Weapons Center.

Rewald's third CIA station chief, Jack Rardin, invested \$1,700 in Bishop, Baldwin. A case can be made for Rardin's incompetence, according to Rewald's interview with his attorney. Rardin once turned over secret information to the Soviets without even realizing it, Rewald said.

"Here's the station chief of the Pacific," Rewald said, "and he gets a diplomatic pouch directly from Washington and . . . turns the entire darn pouch over to the Russians on a ship that was leaving the harbor. The ship started out of the harbor before he read the instructions, only to find that in this diplomatic pouch was an envelope for the Russians and everything else apparently was classified material . . . and he had to go out, stop the ship, retrieve the whole pouch. To this day we don't know [whether the Russians] saw everything."

Footnote: The CIA won't comment on the Rewald case, which is under litigation, and it refused to help locate Welsch, Kindschi or Rardin for interviews. The agency denied that Rardin inadvertently gave top-secret data to the Soviets.